

COMMONWEALTH OF KENTUCKY
ENERGY REGULATORY COMMISSION

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IN THE MATTER OF

AN EXAMINATION BY THE ENERGY)	
REGULATORY COMMISSION OF THE)	
FUEL ADJUSTMENT CLAUSE OF)	CASE NO. 7610
LOUISVILLE GAS & ELECTRIC COMPANY)	
FROM MAY 1, 1979 TO OCTOBER 31, 1979)	

ORDER

On October 23, 1979, Louisville Gas and Electric Company (L.G. & E.) was ordered to appear before the Energy Regulatory Commission for the purpose of an examination of the Company's application of its fuel adjustment clause for the period May 1, 1979 to October 31, 1979. On November 20, 1979, a public hearing was held at the offices of the Commission in Frankfort, Kentucky. The Consumer Protection Division of the Office of the Attorney General was the only intervenor to participate in the public hearing.

DISCUSSION

Louisville Gas and Electric Company has under long term lease railroad hopper cars to supplement their carrier's equipment for coal deliveries to the Company. L.G. & E. has Company-owned locomotives to handle the coal cars after delivery by their carrier. Under terms of the lease, L.G. & E. is responsible for the payment of property taxes and insurance on the cars.

L.G. & E., after discussions with the Commission Staff, on March 25, 1980, filed with this Commission a letter stating that the taxes and insurance payments for Company-owned and leased equipment will not be included in the fuel adjustment clause (FAC) calculation beginning with the March 1980 FAC calculations.

CONCLUSIONS

The Commission's intent is that for fuel clause calculation

purposes, only the volatile costs of fuel and transportation of fuel shall be included in the FAC calculations. Fixed costs and expenses that can be calculated in a manner similar to fixed costs are not allowable charges for the FAC calculation.


FINDINGS

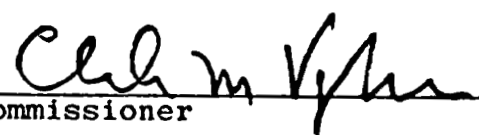
The Energy Regulatory Commission of Kentucky is of the opinion from the evidence introduced at the hearing and subsequent filings, except as noted above, Louisville Gas and Electric Company has and will comply with the provisions of KAR 50:075, Uniform Fuel Adjustment Clause.

Done at Frankfort, Kentucky, this 15th day of May, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice-Chairman


Commissioner

ATTEST:

Secretary